

California Gambling Control Commission
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2399 Gateway Oaks Drive, Suite 100
Sacramento, CA 95833
Thursday, April 21, 2005

MINUTES OF April 21, 2005
COMMISSION MEETING

OPEN SESSION

Chairman Shelton called the meeting of April 21, 2005, to order at 1:30 p.m., with Commissioners Cruz, Sasaki, and Williams present.

Staff Participating: Eugene Balonon, Executive Director, John Spittler, Acting Deputy Director, Licensing Division, and Commission Counsel, and Gary Qualset, Deputy Director, Compliance Division.

Upon motion of Chairman Shelton, seconded by Commissioner Williams and carried in the call for a vote with Chairman Shelton and Commissioners Sasaki and Williams voting yes, Commissioner Cruz abstaining, the Commission approved the meeting minutes of February 16, 2005.

Upon motion of Commissioner Sasaki, seconded by Commissioner Williams and carried in the call for a vote with Chairman Shelton and Commissioners Sasaki and Williams voting yes, Commissioner Cruz abstaining, the Commission approved the meeting minutes of March 9, 2005.

Commissioner Williams moved to approve the April 7, 2005 Commission meeting minutes, Chairman Shelton seconded the motion. Commissioner Sasaki indicated that the April 7, 2005 minutes should include her request concerning Item 2.b., that staff document the fact that prior to their coming of age to lawfully work in the gambling establishment both Jeremy and Monica Dreher had worked in the bowling alley as opposed to the gambling establishment. The vote, called for by Chairman Shelton to approve the minutes of April 7, 2005 with inclusion of Commissioner Sasaki's request to staff, carried with Chairman Shelton and Commissioners Sasaki, Williams voting yes and Commissioner Cruz abstaining.

DECISION ITEMS

- *1. Finding of Necessity for the Addition of Items to a Previously Posted Agenda (Government Code section 11125.3(a)(2)).

Acting Deputy Director Spittler presented Item 1 to the Commission for its consideration of:

Finding of necessity for the addition of items to a previously posted agenda (Government Code section 11125.3(a)(2):

The Commission finds: (1) that there is a need to take immediate action concerning agenda Item 4(h) and (2) that the need for action came to the attention of the Commission subsequent to the distribution of the agenda as specified in Government code section 11125.

The state gambling license of the Don Juan Club, Juan Guzman, Sole Proprietor was inadvertently omitted from the agenda posted on April 11, 2005. This license expires at the end of April 2005. The Commission meeting of April 21 will be the last Commission meeting in April. Thus, unless renewed at the April 21 meeting, this license would lapse due to no fault of the licensee. To avoid this outcome, it is necessary to add this license item to today's April 21 agenda. This need for immediate action came to the attention of the Commission after the agenda had been distributed.

Upon motion of Commissioner Sasaki, seconded by Chairman Shelton and unanimously carried in the call for a vote with Chairman Shelton and Commissioners Cruz, Sasaki, and Williams voting yes, the Commission approved the Finding of Necessity as presented by Acting Deputy Director Spittler.

2. Applications for Work Permit:
- a. Lake Bowl Cardroom
Carter, Jessica
 - b. Napa Valley Casino
Shan, Lili
 - c. The 101 Casino
De Guzman, Ronald
Perry, Anthony
Rawson, Larry
Schipper, Andrew
Song, Pei

Acting Deputy Director Spittler indicated that both the Division of Gambling Control

and Commission staff recommend approval of the applications for a work permit for Jessica Carter, Item 2.a., Lili Shan, Item 2.b., and Ronald De Guzman, Anthony Perry, Larry Rawson, Andrew Schipper, and Pei Song, Item 2.c. Upon motion of Chairman Shelton, seconded by Commissioner Sasaki and unanimously carried in the call for a vote with Chairman Shelton and Commissioners Cruz, Sasaki, and Williams voting yes, the Commission approved the applications for a work permit for Jessica Carter, Item 2.a., Lili Shan, Item 2.b., and Ronald De Guzman, Anthony Perry, Larry Rawson, Andrew Schipper, and Pei Song, Item 2.c

3. Approval of Articles of Incorporation:

- a. Delta Club Cardroom: Delta Casino Management, Inc.
- b. Normandie Club: Normandie Club, Inc.
- c. River Card Room: The River Card Room, Inc.

Acting Deputy Director Spittler indicated that staff recommends approval of the Articles of Incorporation for Delta Club Cardroom, Item 3.a., Normandie Club, Item 3.b., and River Card Room, Item 3.c. Commissioner Williams moved to approve of the Articles of Incorporation for Delta Club Cardroom, Item 3.a., Normandie Club, Item 3.b., and River Card Room, Item 3.c. Commissioner Cruz seconded the motion.

Chander Joshi, Agent for Delta Cardroom, commented on Item 3.a. indicating that the owner/licensee of Delta Cardroom is confused as to why Articles of Incorporation are being considered. Mr. Joshi further indicated that Tony Lee, part owner of Delta Cardroom requests the Commission postpone consideration of the Articles of Incorporation for Delta Cardroom. Mr. Joshi presented the Commission written comments from Tony Lee, part owner of Delta Cardroom, that are incorporated into the minutes as Attachment A.

John Sustaita, Gambling Consultant, inquired as to whether the Articles of Incorporation could be disclosed under the Public Records Act. Mr. Sustaita further commented on the use by another entity of a business name that already exist may be an infringement of rights.

Acting Deputy Director Spittler, in response to the comments presented to the Commission suggested that the Commission table Delta Cardroom, Item 3.a. for further review and indicated that staff will provide to Mr. Joshi a copy of the proposed Articles of Incorporation.

Commissioner Cruz suggested to staff that they consider having an applicant reserve a business name with the Secretary of State and provide proof of the reserved name to the Commission with the Articles of Incorporation.

Commissioner Williams withdrew his motion to approve of the Articles of

Incorporation for Delta Club Cardroom, Item 3.a., Normandie Club, Item 3.b., and River Card Room, Item 3.c. Commissioner Cruz withdrew his second to the motion.

Chairman Shelton moved to table Commission consideration of the Articles of Incorporation for Delta Cardroom, Item 3.a., Commissioner Sasaki seconded the motion, which unanimously carried in the call for a vote with Chairman Shelton and commissioners Cruz, Sasaki, and Williams voting yes.

Chairman Shelton moved to approve the Articles of Incorporation for Normandie Club, Item 3.b., and River Card Room, Item 3.c. Commissioner Sasaki seconded the motion, which unanimously carried in the call for a vote with Chairman Shelton and Commissioners Cruz, Sasaki, and Williams voting yes, the Commission approved the Articles of Incorporation for Normandie Club, Item 3.b., and River Card Room, Item 3.c.

4. Applications for Renewal of State Gambling License:

- a. Axtion Jaxson Card Room: Jack Morgan, Sole Proprietor
- b. La Primavera Pool Hall and Café: Candelario Salas
- c. Lucky Buck Card Club: Dale Common, Sole Proprietor
- d. Mint: James Podergois, Sole Proprietor
- e. River Cardroom: The River Cardroom, Inc., Corporation
- f. Sundowner Cardroom: Augustine Mora Jr., Sole Proprietor
- g. Tommy's Casino and Saloon: Tommie Wayne Buck Inc., Corporation
- *h. Don Juan Club, Juan Guzman, Sole Proprietor

Acting Deputy Director Spittler indicated that both the Division of Gambling Control and Commission staff recommend a four-month temporary approval of the application for renewal of a state gambling license through July 31, 2005 for Axtion Jaxson Card Room, Item 4.a. Upon motion of Chairman Shelton, seconded by Commissioner Williams and unanimously carried in the call for a vote with Chairman Shelton and Commissioners Cruz, Sasaki, and Williams voting yes, the Commission approved a four-month temporary approval of the application for renewal of a state gambling license through July 31, 2005 for Axtion Jaxson Card Room, Item 4.a.

Acting Deputy Director Spittler indicated that staff recommends the Commission approve a conditional temporary state gambling license to the owner of the La Primavera Pool Hall and Café for the licensing period of May 1, 2005 through July 31, 2005 with the following conditions:

1. *Licensee provide the commission with a contact person licensing purposes. This person must be English speaking and be available by phone daily to Commission staff between the hours of 8 and 5 or respond within one working day.*

2. *Letters from the Commission or Division shall be appropriately responded to within three working days.*
3. *All future applications and/or renewals shall be submitted within the statutory time requirements.*

Commissioner Williams, indicating that his motion was for the purpose of discussing the application of La Primavera Pool Hall and Café, Item 4.b., moved to approve a conditional temporary state gambling license to the owner of the La Primavera Pool Hall and Café for the licensing period of May 1, 2005 through July 31, 2005 with the conditions indicated by staff applied to the license. Commissioner Cruz seconded the motion.

Commissioner Williams asked if there was a representative for La Primavera Pool Hall and Café present at the meeting.

Virginia Solis, Designated Agent for La Primavera Pool Hall and Café, identified herself in response to Commissioner Williams.

Commissioner Williams indicated to Ms. Solis that the staff report indicates that the renewal application for the state gambling license was filed late, and staff has not been able to contact licensee despite numerous attempts by telephone and U.S. Mail.

Virginia Solis, Designated Agent for La Primavera Pool Hall and Café, stated that the gambling establishment would take corrective action to ensure that renewal applications are submitted timely. Ms. Solis further indicated that she has provided Commission staff the number to her cell phone.

Commissioner Cruz inquired of Ms. Solis whether she understood the staff recommended conditions to be placed on the state gambling license and if she agreed to be bound by those conditions.

Virginia Solis, Designated Agent for La Primavera Pool Hall and Café, stated that she understood the conditions indicated by staff and agreed to be bound by them.

The motion made by Commissioner Williams and seconded by Commissioner Cruz to approve a conditional temporary state gambling license to the owner of the La Primavera Pool Hall and Café for the licensing period of May 1, 2005 through July 31, 2005 with the conditions indicated by staff applied to the license unanimously carried in the call for a vote with Chairman Shelton and Commissioners Cruz, Sasaki, and Williams voting yes.

Acting Deputy Director Spittler indicated that both the Division of Gambling Control

and Commission staff recommend approval of the application for renewal of a state gambling license for Lucky Buck Card Club, Item 4.c. Upon motion of Commissioner Sasaki, seconded by Commissioners Cruz and unanimously carried in the call for a vote with Chairman Shelton and Commissioners Cruz, Sasaki, and Williams voting yes, the Commission approved the application for renewal of a state gambling license through January 31, 2006 for Lucky Buck Card Club, Item 4.c.

Acting Deputy Director Spittler indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for a state gambling license for The Mint, Item 4.d., through June 30, 2005 with the following condition applied to the license:

Licensee must pay the annual table fees pursuant to Business & Profession Code section 19876(a) and will not operate from January 1, 2006 to June 30, 2006 unless fees in the amount of \$375 are paid no later than December 1, 2005.

Upon motion of Commissioner Sasaki, seconded by Commissioner Williams and unanimously carried in the call for a vote with Chairman Shelton and Commissioners Cruz, Sasaki, and Williams voting yes the Commission approved the application for a state gambling license for The Mint, Item 4.d. through June 30, 2005 with the condition indicated by staff applied to the license.

Acting Deputy Director Spittler indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for renewal of a state gambling license through April 30, 2006 for River Cardroom, Item 4.e. Chairman Shelton made a motion to approve the staff recommendation, indicating that his motion was for the purpose of allowing discussions on the item being considered. Commissioner Williams seconded the motion.

Chairman Shelton commented regarding prior violations that were found and corrected at the gambling establishment and indicated his concerns that Commission and/or Division staff is not required to provide training in these circumstances but rather businesses operating gambling establishments have an obligation to become familiar with applicable regulations.

Commissioners Sasaki and Williams both expressed concerns regarding employees obligated to gamble with their own money for an hourly wage.

Acting Deputy Director Spittler indicated that staff would amend their recommendation to a 90-day temporary renewal of the state gambling license to allow time for further investigation of concerns mentioned.

Chairman Shelton withdrew his motion and Commissioner Williams withdrew his second

on the motion. Chairman Shelton moved to approve a 90-day temporary renewal of the state gambling license for River Cardroom, Inc., Item 4.e. Commissioner Williams seconded the motion.

John Sustaita, Gambling Consultant, commented on regulations concerning Proposition Players specifically employees who stand in as proposition players using their own money.

The motion made by Chairman Shelton and seconded by Commissioner Williams unanimously carried in the call for a vote with Chairman Shelton and Commissioners Cruz, Sasaki, and Williams voting yes, the Commission approved 90-day temporary renewal of the state gambling license, through July 31, 2005, for River Cardroom, Inc., Item 4.e.

Acting Deputy Director Spittler indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for renewal of a conditional state gambling license effective May 1, 2005 through April 30, 2006 with the following condition applied to the license:

Licensee shall notify the Commission and Division immediately upon re-opening of the gambling operation at the gambling establishment.

Commissioner Sasaki, indicating that her motion was for the purpose of discussing the application of Sundowner Cardroom, Item 4.f., moved to approve a conditional state gambling license to the owner of Sundowner Cardroom period of May 1, 2005 through April 30, 2006 with the condition indicated by staff applied to the license. Commissioner Cruz seconded the motion.

Commissioner Sasaki indicated concerns regarding the non-operational status of the gambling establishment and that notice should be given to the Commission and Division prior to the gambling establishment re-opening for business.

Commissioner Cruz indicated concerns regarding Commission consideration on the application for renewal of the state gambling license for Sundowner Cardroom since the gambling establishment is non-operational and there is no established operational history for the gambling establishment to determine whether business operations were in compliance with applicable laws and regulations.

Deborah DeRosier, Division of Gambling Control, in response to Commissioner Cruz indicated that when Sundowner Cardroom had been operational there were no problems that would require closing the gambling establishment. Ms. DeRosier further stated that the Division would suggest requiring the gambling establishment to provide 30-day notice to the Division prior to opening for business, which would

allow for Division staff to inspect the premises to ensure compliance.

Acting Deputy Director Spittler indicated that staff would amend the recommend condition to: *Licensee shall notify the Commission and Division 30 days notice prior to re-opening of the gambling operation at the gambling establishment.*

Commissioner Sasaki amended her motion to approve the amended staff recommendation. Commissioner Cruz amended his second to the motion. The amended motion made by Commissioner Sasaki and seconded by Commissioner Cruz to approve the application for renewal of a conditional state gambling license for Sundowner Cardoom, Item 4.f., effective May 1, 2005 through April 30, 2006 with the amended condition presented by staff applied to the license, carried in the call for a vote with Chairman Shelton voting no and Commissioners Cruz, Sasaki, and Williams voting yes.

Acting Deputy Director Spittler indicated that staff recommends that the Commission approve a three-month conditional state gambling license to the owner Tommie's Casino and Saloon, Item 4.g., issued on May 1, 2005 through July 31, 2005 with the following conditions:

- 1 *Licensee must provide verification of resolution arrangements regarding file number TAX01-1316, State of Arizona, Office of the Attorney General no later than June 1, 2005.*
- 2 *Licensee is not permitted to maintain player's banks.*

Commissioner Williams, indicating that his motion was for the purpose of discussing the application of Tommie Wayne Buck, Inc., Item 4.g., moved to approve a conditional three-month temporary state gambling license to the owner of the Tommie Wayne Buck, Inc., Item 4.g. Chairman Shelton seconded the motion.

Commissioner Williams asked if there was a representative of Tommie Wayne Buck, Inc. present at the meeting.

Rod Blonien, Consultant, indicated that he was not a representative for the gambling establishment but he had previously done some consulting work for Mr. Buck and provided an explanation to the Commission regarding the State of Arizona tax lien.

The motion made by Commissioner Williams and seconded by Chairman Shelton to approve a conditional three-month temporary state gambling license to the owner of Tommie Wayne Buck, Inc. Item 4.g., unanimously carried in the call for a vote with Chairman Shelton and Commissioners Cruz, Sasaki, and Williams voting yes.

Acting Deputy Director Spittler indicated that staff recommends that the Commission

approve a conditional two-month renewal of the state gambling license for Don Juan Club, Item 4.h., with the following conditions applied to the license:

1. *Maintain accounting books and records that include the recording, dating, and posting of all financial transactions of the gambling establishment.*
2. *Submit to the Commission quarterly financial reports, compiled by a certified public accountant and in accordance with Title 4, CCR Section 121403(a)(4)(A) alternative 1, that reports all transactions in regards to gaming activities at the gambling establishment. The Quarterly reports are due to the Commission on the following dates: March 31, 2005, June 30, 2005, September 30, 2005, and December 31, 2005.*
3. *If the applicant fails to submit the requested information by the above-mentioned dates, the Commission will not renew the applicants State Gambling License. This would result in the gambling establishment not being able to operate until the Commission receives the documents requested. If continuous defiance of the conditions persists, the Commission will proceed with the revocation process of the gambling establishments state gambling license pursuant to Business and Professions Code section 19920.*

Commissioner Sasaki, indicating that her motion was for the purpose of allowing discussions to take place concerning Don Juan Club, Item 4.h., moved to approve the recommendation of staff. Commissioner Cruz seconded the motion.

Julie Ruiz-Sierra, Attorney for Don Juan Club, commented on actions taken by Mr. Guzman's to address issues on non-compliance. Ms. Ruiz-Sierra indicated that Mr. Guzman did submit the requested reports in compliance to conditions on the state gambling license, and intends to comply with future reporting requirements. Ms. Ruiz-Sierra further indicated that Mr. Guzman has retained a local CPA firm to take on all the club's bookkeeping, and financial reporting needs, the firm is restructuring the Club's record keeping system and will be making recommendations on how to track daily financial data. The firm will also handle payroll and taxes and every other aspect of bookkeeping for the Club.

Deborah Derosier, Division of Gambling Control, indicated that the Division recommends temporary licensure of the establishment.

The motion made by Commissioner Sasaki and seconded by Commissioner Cruz unanimously carried in the call for a vote with Chairman Shelton and Commissioners

Cruz, Sasaki, and Williams voting yes, the Commission approved a two-month temporary license through June 30, 2005, with the conditions presented by staff placed on the license.

5. Revenue Sharing Trust Fund Report of Distribution to Non-Compact Tribes.

Deputy Director Qualset presented the Revenue Sharing Trust Fund Report of Distribution of Funds to Non-Compact Tribes for the Quarter Ended March 31, 2005, to the Commission for its consideration of the following recommendation:

It is recommended that:

1. *the Commission approve distribution of the current full quarterly amount of approximately \$7.61 million of all payments made by tribes and any interest income received by the Indian Gaming Revenue Sharing Trust Fund (IGRSTF) during the most recent quarter ended March 31, 2005, to the listed tribes that are determined to be eligible Non-Compact Tribes in accordance with the Commission's identified methodology for determining a Non-Compact Tribe as shown in Exhibit 1 attached to this report, and any interest accrued for previously approved distributions held in abeyance in the IGRSTF but not immediately disbursed, and*
2. *approval of distributions shall be made on a conditional basis subject to receipt of any required eligibility certification of the maximum number of gaming devices operated during the quarter by each tribe that is required to submit a completed certification form.*

Upon motion of Commissioner Sasaki, seconded by Commissioner Williams and unanimously carried in the call for a vote with Chairman Shelton and Commissioners Cruz, Sasaki, and Williams voting yes, the Commission approved the Revenue Sharing Trust Fund Report of Distribution of Funds to Non-Compact Tribes for the Quarter Ended March 31, 2005. A copy of the Revenue Sharing Trust Fund Report of Distribution of Funds to Non-Compact Tribes for the Quarter Ended March 31, 2005 is incorporated into the minutes as Attachment B.

6. Staff Report

Gaming Policy Advisory Committee: Applications for Membership.

Executive Director Balonon gave an oral report to the Commission concerning appointment of members to the Gaming Policy Advisory Committee (GPAC). Executive Director Balonon indicated that GPAC, which was created by statute, consists of ten members, five industry members and five from the general public. Executive Director Balonon expressed gratitude to the previous members who had

served their two-year commitment and indicated that he was seeking direction from the Commission on how to proceed with recommendations for appointments of new members to GPAC of the candidates who recently submitted applications as a result of Chairman Shelton's March 14, 2005 letter announcing the upcoming appointments. Chairman Shelton requested that Commissioners Sasaki and Williams review the applications with Executive Director Balonon and provide their recommendation to the Commission at the next meeting. Commissioners Sasaki and Williams acknowledged the Chairman's request and agreed to provide their recommendations on the candidates for GPAC appointments. There was no action taken by the Commission on Item 6.

CONSENT CALENDAR ITEMS:

1. Application for Renewal of Work Permit:
 - a. Gold Rush Gaming Parlor
Farrell, Debra

Acting Deputy Director Spittler presented the Consent Calendar to the Commission for its consideration of the application for renewal of a work permit. Upon motion of Commissioner Sasaki, seconded by Chairman Shelton and unanimously carried in the call for a vote with Chairman Shelton and Commissioners Cruz, Sasaki, and Williams voting yes, the Commission approved the consent calendar.

PUBLIC COMMENT:

There were no comments from the public during this portion of the meeting.

CLOSED SESSION:

Chairman Shelton announced that the Commission would adjourn to Closed Session. At 2:43 p.m. the Commission adjourned to Closed Session.

RECONVENE TO OPEN SESSION:

Chairman Shelton reconvened the meeting at 3:02 p.m. with Commissioners Cruz, Sasaki, and Williams present.

1. Commissioner Comments.

There were no comments from the Commissioners during this portion of the meeting.

ADJOURNMENT:

Upon motion to adjourn the meeting by Commissioner Sasaki, seconded by Commissioner Cruz and unanimously carried with Chairman Shelton and Commissioners

Cruz, Sasaki, and Williams voting yes, the meeting adjourned at 3:03 p.m.